

14TH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
COMPONENT UNIT FINANCIAL REPORT
DECEMBER 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JUL 05 2012**

FOURTEENTH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND

LAKE CHARLES, LOUISIANA

TABLE OF CONTENTS

| | Page |
|---|-------|
| INTRODUCTORY SECTION | |
| Title Page | |
| Table of Contents | 2-3 |
| FINANCIAL INFORMATION | |
| Report of Independent Auditors | 4-5 |
| Government-Wide Financial Statements: | |
| Statement of Net Assets | 6 |
| Statement of Activities | 7 |
| Fund Financial Statements: | |
| Governmental Fund: | |
| Balance Sheet | 8 |
| Statement of Revenues, Expenditures and Changes in Fund Balance | 9 |
| Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets | 10 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities | 11 |
| Notes to the Financial Statements | 12-21 |
| Required Supplementary Information | 22 |
| Budgetary Comparison Schedule-Budgetary (Non-GAAP) Basis | 23 |
| Note to Required Supplementary Information-Budgetary Reporting | 24 |

SUPPLEMENTAL INFORMATION

Page

| | |
|---|-------|
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Conducted in Accordance with Government Auditing Standards | 25-26 |
| Schedule of Current Year Audit Findings | 27-28 |
| Management's Corrective Action Plan for Current Year Audit Findings (Unaudited) | 29 |
| Summary Schedule of Prior Year Audit Findings | 30 |

McELROY, QUIRK & BURCH

A Professional Corporation • Certified Public Accountants • Since 1925
800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070
337 433-1063 • Fax 337 436-6618 • Web page: www.mqb-cpa.com

09000.000 14th Judicial District Court 12/31/2011 Governmental Audit financial report

Robert M. Gani, CPA, MT
Mollie C. Broussard, CPA
Jason L. Guillory, CPA
Greg P. Naquin, CPA, CFP™
Billy D. Fisher, CPA
Joe G. Peshoff, II, CPA, CVA
David M. DesOrmeaux, CPA

Michael N. McGee, CPA
Paula J. Thompson, CPA
Robin Anderson Conrad, CPA



Judson J. McCann, Jr., CPA, Retired
Martin L. Chchotsky, CPA, CFE, CFP™
Carl W. Comeaux, CPA, Retired

CFE - Certified Fraud Examiner
CFF - Certified Financial Forensics
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

REPORT OF INDEPENDENT AUDITORS

Honorable Judge Lilynn Cutrer
14th Judicial District Court
Child Support Enforcement Fund
Lake Charles, Louisiana

We have audited the accompanying component unit financial statements of the 14th Judicial District Court Child Support Enforcement Fund, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the Fund's Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the 14th Judicial District Court Child Support Enforcement Fund as of December 31, 2011 and the respective changes in financial position, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2012, on our consideration of the 14th Judicial District Court Child Support Enforcement Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The 14th Judicial District Court Child Support Enforcement Fund has omitted management's discussion and analysis that the accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content. Our opinion on the basic financial statements is not affected by this missing information.

Ms Elroy Quirk & Burch

Lake Charles, Louisiana
June 18, 2012

FOURTEENTH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA

STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS
December 31, 2011

ASSETS

| | |
|-----------------------------|---------------|
| Cash and cash equivalents | \$ 1,117,410 |
| Interest receivable | 49 |
| Miscellaneous receivable | 1,776 |
| Due from governmental units | <u>57,803</u> |
| | 1,177,038 |

NONCURRENT ASSETS

| | |
|-------------------------------------|---------------|
| Capital assets, net of depreciation | <u>16,589</u> |
| Total assets | 1,193,627 |

LIABILITIES

| | |
|-------------|----------|
| Liabilities | <u>-</u> |
|-------------|----------|

NET ASSETS

| | |
|---|---------------------|
| Investment in capital assets, net of related debt | 16,589 |
| Unrestricted | <u>1,177,038</u> |
| Total net assets | <u>\$ 1,193,627</u> |

The accompanying notes are an integral part of this statement.

FOURTEENTH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA

STATEMENT OF ACTIVITIES
December 31, 2011

| | <u>Functions/Programs</u> | | | <u>Total</u> |
|----------------------------------|---------------------------|-------------------------------------|---|----------------------------------|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Net Revenue (Expense)</u> |
| Governmental activities: | | | | |
| Collections | \$ 520,855 | \$ 584,445 | \$ - | \$ 63,590 |
| Teen Court Program | 20,000 | - | 20,000 | - |
| Domestic Violence Program | 32,382 | - | 32,382 | - |
| Depreciation | 7,989 | - | - | (7,989) |
| Total governmental activities | <u>\$ 581,226</u> | <u>\$ 584,445</u> | <u>\$ 52,382</u> | 55,601 |
| General revenues: | | | | |
| Interest | | | | <u>558</u> |
| Change in net assets | | | | 56,159 |
| Net assets - beginning | | | | <u>1,137,468</u> |
| Net assets - ending | | | | <u>\$ 1,193,627</u> |

The accompanying notes are an integral part of this statement.

FOURTEENTH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA

BALANCE SHEET - GENERAL FUND
December 31, 2011

ASSETS

| | |
|-----------------------------|---------------------|
| Cash and cash equivalents | \$ 1,117,410 |
| Interest receivable | 49 |
| Miscellaneous receivable | 1,776 |
| Due from governmental units | <u>57,803</u> |
| Total assets | <u>\$ 1,177,038</u> |

LIABILITIES

| | |
|-------------|------|
| Liabilities | \$ - |
|-------------|------|

FUND BALANCE

| | |
|------------------------------------|---------------------|
| Unassigned | <u>1,177,038</u> |
| Total liabilities and fund balance | <u>\$ 1,177,038</u> |

The accompanying notes are an integral part of this statement.

FOURTEENTH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GENERAL FUND
December 31, 2011

Revenues:

| | |
|-----------------|----------------|
| Collection fees | \$ 584,445 |
| Grant revenues | 52,382 |
| Interest income | <u>558</u> |
| Total revenues | <u>637,385</u> |

Expenditures:

Current operations:

| | |
|---------------------------|----------------|
| Collections | 520,855 |
| Teen Court Program | 20,000 |
| Domestic Violence Program | <u>32,382</u> |
| Total expenditures | <u>573,237</u> |

| | |
|-------------------------------------|--------|
| Excess of revenue over expenditures | 64,148 |
|-------------------------------------|--------|

| | |
|--------------------------|------------------|
| Fund balance - beginning | <u>1,112,890</u> |
|--------------------------|------------------|

| | |
|-----------------------|---------------------|
| Fund balance - ending | <u>\$ 1,177,038</u> |
|-----------------------|---------------------|

The accompanying notes are an integral part of this statement.

FOURTEENTH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2011

Total governmental fund balances \$ 1,177,038

Amounts reported for governmental activities in the
statement of net assets is different because:

Governmental funds report capital outlays as
expenditures. However, in the statement of
activities the costs of those assets are
allocated over their estimated useful lives
and reported as depreciation expense. There
was no additional capital outlay in the current
period. This is the amount by which capital
outlays exceeded depreciation in the current
period.

16,589

Net assets of governmental activities \$ 1,193,627

The accompanying notes are an integral part of this statement.

FOURTEENTH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2011

Amounts reported for governmental activities in the
Statement of activities is different because:

Net change in fund balance \$ 64,148

Amounts reported for governmental activities in the
statement of net assets is different because:

Governmental funds report capital outlays as
expenditures. However, in the statement of
activities the costs of those assets are
allocated over their estimated useful lives
and reported as depreciation expense. There
were no current period increases in capital
assets. Depreciation expense for the current
period was \$7,989.

(7,989)

Change in net assets of governmental activities

\$ 56,159

The accompanying notes are an integral part of this statement.

14TH JUDICIAL DISTRICT COURT CHILD SUPPORT ENFORCEMENT FUND

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 14th Judicial District Court Child Support Enforcement Fund was created by Louisiana Revised Statute 46:236.5. This fund was established as an expedited process for the establishment or enforcement of child support obligations. According to the authorizing statute, any court with jurisdiction to establish paternity or to establish or enforce support obligations may implement the above expedited process. This fund was established in 1991.

The accompanying financial statements of the Fourteenth Judicial District Court Child Support Enforcement Fund have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

A. REPORTING ENTITY

This fund is a function of the Calcasieu Parish District Court System, which is a component unit of the Calcasieu Parish Police Jury, and as such, this fund is also a component unit of the Calcasieu Parish Police Jury. This report includes all of the funds relating to the Child Support Enforcement Fund itself as of December 31, 2011 but not the District Court or the Calcasieu Parish Police Jury.

The financial statements of the Fund include all operations and activities under control and authority of the Fund and it was determined that no other agency should be included in this reporting entity.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Internal service fund activity is eliminated to avoid doubling up revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements.

The Statement of Net Assets and the Statement of Activities report financial information for the Child Support Enforcement Fund as a whole. However, the Statement of Activities reports the expense of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

FUND FINANCIAL STATEMENTS

The Fund uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The financial statements in this report are grouped into one governmental fund type, the General Fund.

The governmental fund (general fund) is the primary operating fund. It accounts for the collection of authorized child support payments. The child support payments are collected by the State and then distributed to the 14th Judicial District Court Child Support Fund. As disclosed in Note 6, the Fund also receives a percentage of the collections from Beauregard Parish.

Grants received by the Fund are characterized by administrative and/or direct financial involvement. As such, they are accounted for in the general fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement focus - The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

Basis of accounting - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets, and liabilities resulting from the exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when "measurable and available." Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

D. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. ASSETS, LIABILITIES AND NET ASSETS, EQUITY OR NET FUND BALANCES

Cash, Cash Equivalents, and Investments - "Cash and Cash Equivalents" includes all demand deposits, savings accounts and certificates of deposit maturing within one year. Certificates maturing beyond one year are considered investments.

Receivables - In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are included in the fund financial statements if they are both measurable and available.

Capital assets - In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

| | |
|--|--------------|
| Computer equipment, including software | 5 - 10 years |
| Furniture, office equipment | 5 - 10 years |

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition. Capital assets reported herein include only those assets purchased by the Child Support Enforcement Fund and do not reflect assets of the court obtained from other sources. The Fund has no infrastructure assets.

Fund Balances and Net Assets - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Net assets are segregated into three categories on the government-wide statement of net assets: 1) investment in capital assets, net of related debt; 2) restricted; and 3) unrestricted. Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. The Fund first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. It may defer the use of restricted assets based on a review of the specific transaction.

Program Revenues - Program revenues include amounts for administering expedited support payments as well as the various operational and capital grants. Management's policy is to allocate indirect expenses to the programs in the statement of activities based on the relative amount of time spent administering each program. Indirect expenses associated with administration of the grant programs in 2011 were negligible and not allocated.

- F. Budgets and Budgetary Accounting - Annually, the Fund adopts a revenue and expenditure budget for the general fund. A forecast of revenues and expenditures is made based upon the prior year's expenditures, taking into consideration additional expenditures which can be predetermined and estimated. Amendment to the budget is required when actual receipts for the year failed to meet budgeted revenues by five percent or more, or when actual expenditures for the year exceeded budgeted expenditures by five percent or more. The budget is adopted on the cash basis method of accounting. Budgetary comparisons presented in this report are on this non-GAAP budgetary basis. Budget amounts are as originally adopted, adjusted for subsequent amendments.

Encumbrance accounting is not used.

- G. Retirement/Vacation Benefits - The various court employees' salaries are paid by the Calcasieu Parish Police Jury and their retirement and vacation benefits are established and provided by the Police Jury since these individuals are employees of the Police Jury. The Child Support Fund does reimburse the Police Jury for the salaries and benefits of individuals specifically working with this fund's activities. The Fund does not provide any direct benefits in the form of retirement or vacation.
- H. Deferred Expenditures/Reserved Fund Balance - The Fund reimburses the Calcasieu Parish Police Jury for the salary and related benefits of individuals who specifically work on the activities associated with the expedited child support enforcement. In late December, the Fund sometimes pays salary and related benefits for portions of the following year. As of December 31, 2011, the Fund had not pre-paid any portion of the 2012 salaries; thus, no deferred expenditure or reserved fund balance was recorded.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all demand deposits, savings deposits, and certificates of deposit maturing within one year. The Fund's cash and cash equivalent balance at December 31, 2011 consists of cash in the amount of \$559,606 and two certificates of deposit in the amounts of \$400,000 and \$158,020 maturing May 11, 2012 and March 2, 2012, respectively.

The Fund maintains demand deposits through local depository banks which are members of the Federal Reserve System.

Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U.S. Government, general obligation bonds of any state of the U.S., or of any Louisiana parish, municipality or school district.

The Fund's bank demand and time deposits at year end of \$1,119,301 (bank balances) were entirely covered by federal depository insurance or by pledge of securities owned by the financial institution in the Fund's name.

Interest rate risk. The Fund's investment policy does not address interest rate risk.

Credit risk. In accordance with state law, the Fund limits investments to the following:

1. Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. government.
2. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S., including U.S. Export Import Bank, Farmers Home Administration, Federal Financing Bank, Federal Housing Administration Debentures, General Services Administration, Government National Mortgage Association (guaranteed mortgage-backed bonds and guaranteed pass-through obligations), U.S. Maritime Administration (guaranteed Title XI financing), and U.S. Department of Housing and Urban Development.

3. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by U.S. government instrumentalities, which are federally sponsored, including Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Student Loan Marketing Association, and Resolution Funding Corporation.
4. Direct security repurchase agreements of any federal bank entry only securities enumerated above.
5. Time certificates of deposit of state banks organized under the laws of Louisiana or national banks having their principal offices in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks, or share accounts and share certificates accounts of federally or state chartered credit unions issuing time certificates of deposit; provided that the rate of interest paid for time certificates of deposit shall be not less than fifty basis points below the prevailing market interest rate on direct obligations of the U.S. Treasury with a similar length of maturity.
6. Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies.

As of December 31, 2011, all of the Fund's investments were held according to policy.

As of December 31, 2011, the Fund had the following investments and maturities:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities (in Years)</u> | | | |
|------------------------|-------------------|---|------------|-------------|---------------------|
| | | <u>Less Than 1</u> | <u>1-5</u> | <u>6-10</u> | <u>More Than 10</u> |
| Certificate of deposit | \$ 558,020 | \$ 558,020 | \$ - | \$ - | \$ - |

Custodial credit risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

3. RECEIVABLES

The Fund participates in several federal, state, and local programs from which it received grants to partially or fully finance certain activities. Amounts due from federal and state governments for collections activities and grants are reflected as amounts due from governmental units on the financial statements. Receivables as of year end are not believed to have a credit risk exposure and consist of amounts due from governmental units, reimbursements receivable and interest receivable as follows:

| | | |
|--|--|------------------|
| Federal grants receivable: | | |
| Domestic Violence Grant - CFDA #16.575 | | \$ 8,260 |
| Collections receivable | | 46,231 |
| Beauregard's share of Hearing Officer salary | | <u>3,312</u> |
| Due from governmental units | | 57,803 |
| Interest receivable | | 49 |
| Miscellaneous receivable | | <u>1,776</u> |
| Total receivable | | <u>\$ 59,628</u> |

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 is as follows:

| | Balance 1/1/11 | Increases | Decreases | Balance 12/31/11 |
|------------------------------------|-------------------|-------------------|-------------|---------------------|
| Computers, furniture and equipment | \$ 92,690 | \$ - | \$ - | \$ 92,690 |
| Accumulated depreciation | (68,112) | (7,989) | - | (76,101) |
| Capital assets, net | <u>\$ 24,578</u> | <u>\$ (7,989)</u> | <u>\$ -</u> | <u>\$ 16,589</u> |

5. FUND BALANCE

In accordance with Government Accounting Standards board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Fund classifies governmental fund balances as follows:

Non-spendable -

includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted -

includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained or due to constitutional provisions or enabling legislation.

Committed -

includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority (the Judges) and does not lapse at year end. Formal action by the same authority is required to rescind such a commitment.

Assigned -

includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Judges.

Unassigned -

includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Fund uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Fund does not have a formal minimum fund balance policy.

6. COMMITMENTS AND CONTINGENCIES

Reimbursement payments may be subject to review and audit by the grantor agencies. No provision has been made in the financial statements for the reimbursement of any expenditure that may be disallowed as a result of such a review or audit.

Management has represented that there is no litigation pending against the Child Support Enforcement Fund at December 31, 2011.

7. Joint Service Agreement

The Child Support Enforcement Fund entered into a contract with the Beauregard District Court System to establish and administer an expedited child support enforcement activity for that area. The Fund receives payment from Beauregard Parish for the child support payments made in that area. The State collects all child support payments and then sends the payments to the appropriate districts. The contract also states that the hearing officer will attend court several times a month in Beauregard in exchange for additional salary compensation. The total income for the joint service agreement was \$36,484 for 2011. This amount is included in 2011 collection revenue with \$3,312 reflected as a receivable in due from governmental units.

14TH JUDICIAL DISTRICT COURT CHILD SUPPORT ENFORCEMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2011

Required supplementary information includes financial information and disclosures that are required by GASB and are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary (Non-GAAP) Basis
- Note to Required Supplementary Information - Budgetary Reporting

14TH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance |
|---|---------------------|---------------------|---------------------|------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Collection fees | \$ 512,940 | \$ 557,880 | \$ 574,901 | \$ 17,021 |
| Grant revenues | 52,726 | 52,726 | 51,024 | (1,702) |
| Civil fines | - | - | 5,000 | 5,000 |
| Interest income | 400 | 400 | 558 | 158 |
| Total revenues | <u>566,066</u> | <u>611,006</u> | <u>631,483</u> | <u>20,477</u> |
| Expenditures: | | | | |
| Office expense | 1,500 | 500 | 724 | (224) |
| Accounting and audit | 10,000 | 11,000 | 11,000 | - |
| Office equipment | 6,000 | 7,500 | 7,049 | 451 |
| Meeting expenses | - | 1,200 | 1,217 | (17) |
| Dues and subscriptions | 2,000 | 2,100 | 2,588 | (488) |
| Equipment rental | 9,250 | 3,250 | 3,001 | 249 |
| Parking fees | 3,000 | 2,772 | 2,737 | 35 |
| Miscellaneous | 1,200 | 2,000 | 1,351 | 649 |
| Office supplies | 10,000 | 10,000 | 10,667 | (667) |
| Salaries | 490,790 | 490,790 | 490,790 | - |
| Postage and delivery | 1,500 | 1,650 | 2,152 | (502) |
| Printing | 1,800 | 5,900 | 6,759 | (859) |
| Professional fees-other | 1,600 | 2,900 | 4,426 | (1,526) |
| SES refunds | 3,300 | 3,600 | 1,605 | 1,995 |
| Repairs | 6,500 | 10,000 | 10,933 | (933) |
| Telephone | 1,500 | 2,000 | 2,740 | (740) |
| Travel | 10,000 | 10,000 | 8,543 | 1,457 |
| Registration fees | - | - | 190 | (190) |
| Contract labor | - | - | 50 | (50) |
| Grant expenses | 6,000 | 6,585 | 6,585 | - |
| Bank debit | - | - | 156 | (156) |
| Total expenditures | <u>565,940</u> | <u>573,747</u> | <u>575,263</u> | <u>(1,516)</u> |
| Excess (deficiency) of revenues over expenditures | 126 | 37,259 | 56,220 | 18,961 |
| Fund balance - beginning | <u>1,112,890</u> | <u>1,112,890</u> | <u>1,112,890</u> | - |
| Fund balance - ending | <u>\$ 1,113,016</u> | <u>\$ 1,150,149</u> | <u>\$ 1,169,110</u> | <u>\$ 18,961</u> |

The accompanying note is an integral part of this schedule.

14TH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY REPORTING

The accompanying Budgetary Comparison Schedule presents comparisons of the adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basic timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year ended December 31, 2011 is presented below:

| | |
|--|------------------|
| Excess of revenues and other financial resources over expenditures and other uses of financial resources (budgetary basis) | \$ 56,220 |
| Adjustments: | |
| To adjust revenues for program and interest revenue accruals | 7,678 |
| To adjust expenditures for expense accruals | <u>250</u> |
| Excess of expenditures and other financial resources over revenues and other uses of financial resources (GAAP basis) | <u>\$ 64,148</u> |

McELROY, QUIRK & BURCH

A Professional Corporation • Certified Public Accountants • Since 1925
800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070
337 433-1063 • Fax 337 436-6618 • Web page: www.mqb-cpa.com

Robert M. Gani, CPA, MT
Mollie C. Broussard, CPA
Jason L. Guillory, CPA
Greg P. Naquin, CPA, CFP™
Billy D. Fisher, CPA
Joe G. Peshoff, II, CPA, CVA
David M. DesOrmeaux, CPA

Michael N. McGee, CPA
Paula J. Thompson, CPA
Robin Anderson Conrad, CPA



Judson J. McCann, Jr., CPA, Retired
Martin L. Chchotsky, CPA, CFE, CFP™
Carl W. Comeaux, CPA, Retired

CFE - Certified Fraud Examiner
CFP - Certified Financial Forecaster
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
14th Judicial District Court Child
Support Enforcement Fund
Lake Charles, Louisiana

We have audited the component unit financial statements of the 14th Judicial District Court Child Support Enforcement Fund as of and for the year ended December 31, 2011, and have issued our report thereon dated June 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of 14th Judicial District Court Child Support Enforcement Fund is responsible for establishing and maintaining effective internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. 2011-1 and 2011-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under Government Auditing Standards.

The Fund's responses to the findings identified in our report are described in the accompanying schedule of findings and responses. We did not audit the Fund's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the 14th Judicial Court Child Support Enforcement Fund, management, state awarding agencies, pass-through entities, others within the entity, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ms Elroy Quirk & Burch

Lake Charles, Louisiana
June 18, 2012

14TH JUDICIAL DISTRICT COURT CHILD
SUPPORT ENFORCEMENT FUND

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
Year Ended December 31, 2011

Section I Summary of Auditors' Reports/Results

- A. The type of report issued on the financial statements was an unqualified opinion.
- B. Report on Internal Control and Compliance Material to the Financial Statements
- | | | |
|--|---------------|--------------|
| Internal Control Material Weaknesses | <u>X</u> Yes | <u> </u> No |
| Internal Control Other Matters | <u> </u> Yes | <u>X</u> No |
| Noncompliance Material to Financial Statements | <u> </u> Yes | <u>X</u> No |
- C. Federal Awards
- Not Applicable

Section II Financial Statement Findings

2011-01 Lack of Segregation of Duties

Condition: There is a lack of segregation of duties over financial activity.

Criteria: An effective internal control is dependent to a great extent on segregation of responsibilities for initiating, evaluating, and approving transactions from those for detail accounting and other related functions.

Effect: When internal control is limited by a lack of segregation of duties there is always a possibility that transactions could be processed that would negatively affect the entity.

Cause: Because of the entity's size, it is not feasible to segregate duties to achieve effective internal accounting control.

Recommendation: We do recommend that, whenever possible, management take an active interest in reviewing the monthly financial information.

Management's response: Management concurs with the above recommendation.

2011-2 Financial Statement Reporting Controls

Criteria: The Auditing Standards Board issued guidance to auditors related to entity's internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. Standards emphasize that the auditor cannot be part of the system of internal control over financial reporting.

Condition: In our judgment, the Fund's accounting personnel and those charged with governance, in the course of their assigned duties, lack the resources to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles and to detect and correct a material misstatement, if present.

Effect: Material misstatements in financial statements could go undetected.

Recommendation: In our judgment, due to the lack of resources available to management to correct this material weakness in financial reporting, we recommend management mitigate this weakness by having a heightened awareness of all transactions being reported.

Response: We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.

14TH JUDICIAL DISTRICT COURT CHILD
SUPPORT ENFORCEMENT FUND

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR CURRENT YEAR AUDIT FINDINGS (UNAUDITED)
DECEMBER 31, 2011

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2011-01: Lack of Segregation of Duties.

Due to limited personnel and the small size of the entity, it is not feasible to segregate these duties. Management does perform a monthly overview of the accountability of the fund and will continue to do so.

2011-02: Financial Statement Reporting Controls

Management has implemented supervision and review procedures to the extent possible.

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

This section is not applicable to the Fund.

14TH JUDICIAL DISTRICT COURT CHILD
SUPPORT ENFORCEMENT FUND

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
December 31, 2011

2010-01

Finding: Lack of segregation of duties.

Status: Due to the entity's size, there is an ongoing lack of segregation of duties. Refer to current year item cited as 2011-01 on page 27.

2010-2

Finding: Financial statement reporting controls.

Status: In our opinion, the Fund's accounting personnel and those charged with governance, in the course of their assigned duties, lack the capable resources to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles and to detect and correct a misstatement, if present. Refer to current year item cited as 2011-02 on page 28.

McELROY, QUIRK & BURCH

A Professional Corporation • Certified Public Accountants • Since 1925
800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070
337 433-1063 • Fax 337 436-6618 • Web page: www.mqb-cpa.com

09000.000 12/31/2011 Governmental Audit 14th JDC Communication Letter

Robert M. Gani, CPA, MT
Mollie C. Broussard, CPA
Jason L. Guillory, CPA
Greg P. Naquin, CPA, CFP™
Billy D. Fisher, CPA
Joe G. Peshoff, II, CPA, CVA
David M. DesOrmeaux, CPA

Michael N. McGee, CPA
Paula J. Thompson, CPA
Robin Anderson Conrad, CPA



Judson J. McCann, Jr., CPA, Retired
Martin L. Chehovsky, CPA, CFE, CFP™
Carl W. Comeaux, CPA, Retired

CFE - Certified Fraud Examiner
CFP - Certified Financial Planner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

To Honorable Lilynn A. Cutrer &
Honorable Guy E. Bradberry
14th Judicial District Court –
Child Support Enforcement Fund

We have audited the financial statements of the governmental activities of the 14th Judicial District Court Child Support Enforcement Fund for the year ended December 31, 2011, and issued our report thereon dated June 18, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 4, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the 14th Judicial District Court Child Support Enforcement Fund are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2011. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of depreciation is based on the useful lives of the capital assets placed into service. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We have attached a copy of all adjusting journal entries resulting from audit procedures that have been approved by management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 18, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statement. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Honorable Lilynn A. Cutrer and Honorable Guy E. Bradberry and management of the 14th Judicial District Court Child Support Enforcement Fund and is not intended to be and should not be used by anyone other than these specified parties.

Ms Elroy Quirk & Beach

Lake Charles, Louisiana
June 18, 2012